



บริษัท บูรพา เทคนิคอล เอ็นจิเนียริ่ง จำกัด (มหาชน)
EASTERN TECHNICAL ENGINEERING PUBLIC CO.,LTD.



Ref. ETE-63/004

February 17, 2020

The President of the Stock Exchange of Thailand

Subject: Submission of consolidated and separate financial information

and management discussion and analysis for the year ended 31 December 2019

Eastern Technical Engineering Public Company Limited would like to submit consolidated and separate financial information for the year ended 31 December 2019 and management discussion and analysis. Please see the attached document for the information

Please be informed accordingly.

Sincerely yours,

Mr.Raivin Lekavorrnan

Chief Executive Officer

MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

- Explanation and analysis of financial performance for the year ended 31 December 2019
- Explanation and analysis of financial status as at 31 December 2019

Explanation and analysis of financial performance for the year ended 31 December 2019

Consolidated financial information (Unit : Million Baht)					
	2019	2018		Change	% Change
Revenue	1,839	1,673	▲	167	10%
Cost	1,631	1,509			
Gross profit	209	164	▲	45	28%
Gross profit margin	11.3%	9.8%			
Other income	6	2	▲	4	246%
Selling & Admin expenses	123	121	▲	2	2%
	6.7%	7.2%			
Cost and expense from delayed project		57	▼	(57)	
Finance costs	52	55	▼	(4)	-6%
Income tax expense	8	4	▲	4	98%
Profit for the quarter	32	(72)	▲	104	
	1.7%	(4.3%)			

Compared to the same period last year, the company's performance increased Baht 104 million as the following reasons:

- Total revenue increased Baht 167 million or (10%) from Baht 1,673 million in 2018 to Baht 1,839 million in 2019.
The increase was derived from all businesses since we focus on expanding customer base with business expertise
- Overall gross profit margin increased from 9.8% to 11.3% amount Baht 45 million.

Operating results by business for the year ended 31 December 2019

	Revenue			Gross profit			Gross profit margin		
	2019	2018	Change	2019	2018	Change	2019	2018	Change
Engineering	706	680	▲ 25	57	28	▲ 28	8.1%	4.2%	▲ 3.9%
Management	860	770	▲ 90	71	60	▲ 10	8.2%	7.8%	▲ 0.4%
Solar energy	130	128	▲ 3	62	62	▲ 0	47.4%	48.2%	▼ -0.8%
Trading	143	95	▲ 48	19	13	▲ 6	13.4%	13.8%	▼ -0.5%
	<u>1,839</u>	<u>1,673</u>	<u>▲ 167</u>	<u>209</u>	<u>164</u>	<u>▲ 45</u>	<u>11.0%</u>	<u>9.4%</u>	<u>▲ 1.6%</u>

- Increase in gross profit was mainly derived from the following reasons:
 1. Engineering service (“EN”) had an increase in gross profit for Baht 28 million because in Q3/2018 the company had an extra expense from a delayed project and it is one time cost. Moreover, revenue increased Bath 25 million.
 2. Management Service (“MS”) had an increase in gross profit for Baht 10 million and keep gross profit margin at the same level.
 3. Solar energy (“SE”) had gross profit and gross profit margin at the same level.
 4. Trading business (“TD had an increase in gross profit for Baht 6 million and keep gross profit margin at the same level.

Other income

Other income increased Baht 4 million mainly due to insurance claim for opportunity cost of an incident of electrical short circuit in Q3/2018.

Selling and administrative expenses

Selling and administrative expenses increased Baht 2 million due to commissions fee from electrical engineering projects and employee benefits. However, in comparison with total operating revenue, SG&A per revenue decreased from 7.2% in 2018 to 6.7% in 2019 due to budgeting control policy.

Cost and expense from delayed project

In the third quarter of 2018, the Company has assessed the impact from such delay in project completion. In relation to this project, there were unbilled contract revenue amounting to Baht 57 million, which the collectability are directly affected by the delay. Therefore, the Company considered to record allowance for doubtful accounts with total amount of such unbilled receivables. Cost incurred from the delay under the contract consists of penalty amounting to Baht 19 million and additional cost of project of Baht 4 million. All the effects of such event were recorded in the statement of comprehensive income in the third quarter of 2018.

Finance costs

The company had a small decrease in finance costs for the solar energy unit Baht (4) million or (6%). It was since the repayment of long-term borrowing in the solar energy business.

Income tax expense

Income tax increased Baht 4 million which was mainly derived from the overall operating results.

Explanation and analysis of financial status as at 31 December 2019

	Consolidated financial information (Unit : Million Baht)		
	2019	2018	Change
Current assets	996	928	▲ 68
Non-current assets	1,195	1,198	▼ (4)
Total assets	2,190	2,126	▲ 64
Current liabilities	794	1,298	▼ (505)
Non-current liabilities	569	27	▲ 542
Total liabilities	1,363	1,326	▲ 38
Equity	827	801	▲ 26

The group's assets increased by Baht 64 million, mainly due to the following reasons:

- Trade and other receivables increased by Baht 41 million due to increase in trade accounts receivable Baht 129 million and decrease in unbilled contract revenue Baht (98) million. Moreover, other receivables increased by Baht 9 million because of customs retention for trading business and retention receivables for engineering service.
- Other non-current assets increased by Baht 24 million due to withholding tax and work retention.
- Inventories increased by Baht 13 million. This was primarily due to work in progress for engineering service.
- Restricted cash increased Baht 12 million due to maintenance reserve for solar energy (5 yearly overhaul).
- Other current assets increased Baht 4 million because of tax receivable.
- Intangible assets increased Baht 4 million due to investment in software for human resource development (HRD) and data processing of management service.
- Property, plant and equipment decreased Baht (37) million due to depreciation.

The group's liabilities increased by Baht 38 million, mainly due to the following reasons:

- Bank overdrafts and short-term borrowings from financial institutions increased by Baht 116 million due to an increase in short-term borrowings from financial institutions to use as revolving credit for the group and paying to trade payables.
- Employee benefit obligations and Provision for decommissioning decreased Baht (9), and (2) million respectively due to decrease in interest rate.
- Long-term borrowings from financial institutions decreased by Baht (71) million, which mainly comes from the repayment of long-term borrowing in the solar energy business.
- Trade and other payables decreased by Baht (18) million because deposits received in advanced and trade payables decreased Baht (27), and (5) million respectively, while accrued construction cost increased Bath 13 million.

The group's equity increased by Baht 26 million, mainly due to the following reasons:

- Profit for the year amounted to Baht 32 million.
- Other comprehensive expense amounted to Baht (2) million.
- Legal reserve amounted to Baht (3) million.
- Retrospective adjustments from changes in accounting policy amounted to Baht (1) million.